

**ITEL****Itel Rail Corporation**

550 California Street  
San Francisco, CA 94104  
(415) 984-4200

July 23, 1990

Hon. Sidney L. Strickland, Jr., Esq.  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

RECORDATION NO. 15642-2  
FILED 1425  
JUL 24 1990 -3 05 PM  
INTERSTATE COMMERCE COMMISSION

**Re: Schedule No. 19 to Master Lease dated May 5, 1988, between  
Itel Rail Corporation and Hartford and Slocomb Railroad  
Company**

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under the Master Lease dated May 5, 1988, between Itel Rail Corporation, as successor in interest to both Itel Rail Corporation and Itel Railcar Corporation, and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)  
550 California Street  
San Francisco, California 94104

Hartford and Slocomb Railroad Company (Lessee)  
P.O. Box 2243  
Dothan, Alabama 36302

This Schedule adds to the Master Lease forty-eight (48) 49', 125-ton, Plate B gondolas bearing reporting marks HS 42250-42297.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

*Patricia Schumacker*

Patricia Schumacker  
Legal Assistant

NOTICE OPERATING UNIT  
JUL 24 3 19 PM '90

JUL 24 1990 -3 25 PM

SCHEDULE NO. 19

INTERSTATE COMMERCE COMMISSION

THIS SCHEDULE NO. 19 ("Schedule") to that certain Lease Agreement (the "Agreement") made as of May 5, 1988, as amended, between ITEL RAIL CORPORATION ("Lessor"), and HARTFORD AND SLOCOMB RAILROAD COMPANY ("Lessee"), is made this 16 day of May, 1990.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 19, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech. Desig.	Description	Numbers	Length	Dimensions		Doors Width	No. of Cars
				Inside Width	Height		
GBS	125-Ton, Plate B Gondolas	HS 42250-42297	49'	8'	7'2"	NA	48

3. A. The term of this Agreement, with respect to the Cars, shall commence on the day the Agreement is fully executed by both parties ("Commencement Date") and shall expire as to all of the Cars one (1) year from the Commencement Date ("Initial Term"). In not less than sixty (60) days from the Commencement Date, Lessor shall issue to Lessee a fully executed Certificate of Delivery in the form of Exhibit A hereto that shall contain the expiration date of the Agreement with respect to all the Cars as determined by Lessor. Unless, within fifteen (15) days of the date of such Certificate of Delivery, Lessee demonstrates to the reasonable satisfaction of Lessor that such expiration date is incorrect, Lessee shall be deemed to have concurred with such expiration date.
- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar month to calendar month, for a period not to exceed twenty-four (24) calendar months (each such calendar month an "Extended Term"). Provided that the Cars are not subject to the assignment agreement dated May 3, 1990 ("CSL Assignment Agreement") between Lessee as assignor and Chicago Short Line Railroad as assignee ("Assignee"), a copy of which is attached hereto as Exhibit C, Lessor may terminate the Agreement at anytime during the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than ten (10) days' prior written notice to Lessee.
4. A. The parties acknowledge that the Cars are already in the possession of Assignee.

- B. Lessor agrees to pay to Lessee a rental fee ("Rental Fee") of \_\_\_\_\_ per year for the use of Lessee's reporting marks and numbers on the Cars assigned to the CSL Assignment Agreement. Lessor shall pay the initial Rental Fee to Lessee sixty (60) days from the first day of the month following the Commencement Date, and shall thereafter pay the Rental Fee to Lessee annually throughout the duration of the term of the CSL Assignment Agreement.
- C. If any Car(s) returns to Lessee's lines prior to the expiration or termination of the CSL Assignment Agreement, Lessor shall be responsible for all costs associated with such Car(s) being entered into and removed from a storage facility ("Storage") by Lessee, including but not limited to a switching fee of \_\_\_\_\_ each per car per occurrence, and a storage charge of \_\_\_\_\_ per car per day, and for all costs associated with returning such Car(s) to Assignee's lines. Lessee shall notify Lessor upon the placement of any Car(s) into Storage. Lessee shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the CSL Assignment Agreement, including advising Lessee's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Lessee during the term of the CSL Assignment Agreement.
5. Lessor consents to Lessee's entering into the CSL Assignment Agreement provided that Lessor shall perform Lessee's duties under the CSL Assignment Agreement, that the Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the CSL Assignment Agreement, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the CSL Assignment Agreement to any party designated by Lessor.
6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except those delegated to Lessee as set forth in Subsection 5.B. of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence,

notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

(i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(iii) hereinbelow).

(ii) "Revenue Rates" is defined as the  
specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the January 1990 edition of The Official Railway Equipment Register, as may be updated from time to time.

(iii) "Revenues" is defined as the  
calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

B. Lessor shall receive  
earned by each Car prior to and during the term of the CSL Assignment Agreement.

C. Upon the expiration or early termination of the CSL Assignment Agreement, Lessor shall receive all Revenues earned by each Car while such Car is off the Eligible Lines.

D. (i) In the event that as a result of any action or inaction by Lessee, Lessor shall receive or earn for the use of any Cars, Revenues calculated at hourly or mileage car hire rates that are lower in amount than those specified in Subsection 8.A.(ii) Lessee shall pay to Lessor, within ten (10) days of Lessor's request, an amount equal to the difference between the Revenues such Cars would have earned at the Revenue Rates and the amount of revenues actually received or earned for such Cars.

(ii) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.

(iii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.

E. Except as provided in this Schedule, any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement(s)") shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the Revenues earned by the Cars.

9. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned hereto declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

ITEL RAIL CORPORATION

By: Robert Kiehl

Title: Vice President + Treasurer

Date: 5-16-90

HARTFORD AND SLOCOMB RAILROAD COMPANY

By: C. F. Funcher, Jr.

Title: Pres.

Date: 3 May 1990

# CERTIFICATE OF DELIVERY

EXHIBIT A

RUN DATE : 5/03/90  
 RUN TIME : 3:02:37  
 REPORT NO.: FMR217

RAIL SHOP STATUS  
 Old/New Remark List  
 Sorted Alpha by New Car

PAGE: 172  
 HALL

Project:

Planned:

Scheduled:

Assigned:

Completed:

NEW Car Number	OLD Car Number	Shop	Shop Name	Shop Arrival Date	Date Remarkd
000000					

\*\*\*\*\* E N D O F R E P O R T \*\*\*\*\*

The last day of the [Initial] Term for the above referenced Cars shall be \_\_\_\_\_, 19\_\_.

EXHIBIT B

Running Repairs: Gondolas

Angle Cocks	Wheel Assemblies (not Wheels)
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Gears
Brake Shoe Keys	Couple Carriers
Brake Connecting Pin	Center Plate Repair (Not Replacement of Center Plate)
Brake Head Wear Plates	Cotter Keys
Air Brakes	Roller Bearing Adapters
Hand Brakes	
Brake Beams and Levers	
Truck Springs	

AGREEMENT FOR ASSIGNED SERVICE

THIS AGREEMENT FOR ASSIGNED SERVICE ("Assignment Agreement") is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 1990, between HARTFORD AND SLOCOMB RAILROAD COMPANY ("Assignor") and CHICAGO SHORT LINE RAILROAD ("Assignee").

Assignor and Assignee agree as follows:

1. Assignor shall supply Assignee with the following equipment (the "Cars") subject to the terms and conditions of this Assignment Agreement:

AAR Mech Desig.	Description	Numbers	Length	Dimensions		Doors Width	No. of Cars
				Inside Width	Height		
GBS	125-Ton, Plate B Gondolas	HS 42250-42297	49'	8'	7'2"	NA	48

2. Upon Assignor's instruction, and not without Assignor's instruction, Assignee shall place the Cars into an assignment pool on Assignee's railroad lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 145 of the Code of Car Service Rules, AAR Circular No. OT-10.
3. The term ("Term") of this Assignment Agreement, with respect to each Car, shall commence on the day that such Car is first remarked to Assignor's reporting marks after the full execution of this Assignment Agreement ("Delivery") and shall expire as to all of the Cars one (1) year from the earlier of (a) the date that the last Car was Delivered or (b) the sixtieth (60th) day after the date that the first Car was Delivered. Upon the Delivery of the final Car, Assignor shall issue to Assignee a fully executed Certificate of Delivery in the form of Exhibit A hereto that shall contain the expiration date of the Assignment Agreement with respect to all the Cars as determined by Assignor. Unless, within fifteen (15) days of the date of such Certificate of Delivery, Assignee demonstrates to the reasonable satisfaction of Assignor that such expiration date is incorrect, Assignee shall be deemed to have concurred with such expiration date.
4. Assignee shall comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession.
5. Assignee shall load the Cars prior to loading any similar Cars interchanged from other railroads or leased by or assigned to Assignee from other



EXHIBIT C

parties subsequent to the date of this Assignment Agreement, purchased by Assignee subsequent to the date of this Assignment Agreement, or interchanged from other railroads; provided, however, that nothing contained in this Section shall in any event prevent or prohibit Assignee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor. If any Car remains on Assignee's lines because Assignee has not given preference to the Cars as specified in this Section, Assignee shall be liable for and remit to Assignor an amount equal to the revenues which would have been generated if such Car had been in the physical possession and use of another railroad for the entire period during which such Car is on Assignee's railroad line and had such Car traveled during such period.

6. If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignee. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.
7. When used in this Assignment Agreement, each of the following terms shall have the definitions indicated:
  - A. "Eligible Lines" is defined as the railroad lines owned and operated by Assignee as of the date this Assignment Agreement is executed by the parties. Unless otherwise agreed by and provided for by Assignor and Assignee, any lines purchased by Assignee or added to the Eligible Lines or any Eligible Lines sold by Assignee to another party, effective on the date of such sale, during the term of the Assignment Agreement are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined hereinbelow). If, at any time during the term of the Assignment Agreement, Assignee operates lines other than the Eligible Lines, then Assignee shall supply Assignor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on the other railroad lines operated by Assignee.
  - B. "Revenue Rates" is defined as the specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the January 1990 edition of The Official Railway Equipment Register.
  - C. "Revenues" is defined as the \_\_\_\_\_ calculated at the \_\_\_\_\_ that are earned and received or due for the use or handling of the Cars on the railroad lines other than the Eligible Lines, including but not limited to, \_\_\_\_\_ whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction of Assignee.

- D. "Base Revenues" with respect to each Car shall be equal to  
per Car per calendar quarter or  
applicable portion thereof ("Quarter"). Such Base Revenues for any  
partial Quarter shall be prorated at  
per day.
8. Assignee shall be entitled to for each  
Car while such Car is on the Eligible Lines and shall furnish interchange  
records to Assignor as requested.
9. Upon any abatement, reduction or offset, as set forth in Subsection 7.C.  
hereinabove, Assignee shall, within ten (10) days of Assignor's request,  
reimburse Assignor for such amount.
10. If, for any Quarter, total Revenues earned by all the Cars are less than  
or equal to the total Base Revenues for the Cars, then Assignor shall  
retain all such Revenues. If, for any such Quarter, total Revenues earned  
by all the Cars exceed the total Base Revenues, then Assignor shall retain  
an amount equal to the total Base Revenues plus fifty percent (50%) of any  
Revenues in excess of the Base Revenues, and Assignee shall receive fifty  
percent (50%) of any Revenues in excess of the Base Revenues.
11. If, for any Quarter, Revenues retained by Assignor in the aggregate are  
less than the Base Revenues per Car, then Assignor may so notify Assignee  
in writing. Within ten (10) days of receipt of such notice from Assignor,  
Assignee shall exercise the following option:
- A. Pay Assignor the difference ("Difference") between the Base Revenues  
and the actual Revenues retained by Assignor for such Quarter, and  
agree to pay Assignor the Difference for any subsequent Quarter in  
which such Difference occurs for the duration of this Assignment  
Agreement. Assignee shall pay Assignor such Difference not later  
than sixty (60) days after receiving an invoice for such Difference.
- B. Elect not to pay Assignor such Difference for such Quarter. In such  
event, Assignor may terminate all or any of the Cars from this  
Assignment Agreement upon not less than ten (10) days' written notice  
to Assignee at any time during the duration of the Term.
12. Within three (3) calendar months after the end of each Quarter, Assignor  
shall calculate the amount due either party for such Quarter pursuant to  
this Assignment Agreement. Any amounts payable pursuant to the preceding  
sentence shall be paid promptly following such calculation; provided,  
however, that if, following the final calculation (to be made within five  
(5) calendar months after the end of each calendar year that this  
Assignment Agreement is in effect), either Assignor or Assignee determines  
and demonstrates to the reasonable satisfaction of the other that any  
calculation required herein was incorrect, then any amount paid to either  
party in excess of the amounts required shall be refunded to the proper  
party.

EXHIBIT C

13. During the Term, Assignor may, at its expense, replace any or all of the Cars with similar cars upon not less than ten (10) days' prior written notice to Assignee.
14. Assignor is responsible for normal maintenance and repair expenses except as provided below and except for any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (a) damage or other conditions caused by Assignee's negligence or misuse in loading or unloading, or by use other than as permitted under this Assignment Agreement; (b) damage for which Assignee is responsible under applicable AAR Rules; (c) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad. Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car. For any damaged Car that requires repairs other than running repairs, as provided in Exhibit B hereto, car hire (time and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of Assignee without Assignor's prior approval. Any such repair must be performed under the direction and control of Assignor.
15. Upon expiration or termination of this Assignment Agreement with respect to any Car(s), Assignee shall surrender possession of such Car(s) to Assignor. Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when delivered to Assignee, normal wear excepted, (b) in interchange condition in accordance with AAR and FRA rules and regulations, (c) suitable for loading of the commodities allowed under the Assignment Agreement, (d) free from all accumulations or deposits from commodities transported in or on it while in the service of Assignee, and (e) free of any and all Rule 95 damage. Assignee shall remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 145, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. At Assignor's option and expense, Assignee shall remark the Cars to bear new reporting marks to be provided by Assignor. Assignee shall use its best efforts to provide final outbound loads for each Car.
16. Assignee's rights shall be subject and subordinate to the rights of Assignor, of any lessor, and of any owner or secured party under any financing agreement with respect to the Cars. Accordingly, following notice to Assignee from any such lessor, secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Assignment Agreement), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, and that the Cars immediately be returned to such party. Nothing in this

EXHIBIT C

paragraph shall preclude Assignee from receiving any payments due from Assignor described in this Assignment Agreement.

17. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, or when transmitted and received by telex addressed as follows:

If to Assignor:

Hartford and Slocumb Railroad  
Company  
55 Francisco Street  
San Francisco, CA 94133  
Attn.: Mr. Donald Chute  
Director of Operations

If to Assignee:

The Chicago Short Line Railroad  
A Division of LTV Railroads  
3600 Second Avenue  
Pittsburgh, PA 15219  
Attn.: Mr. Richard L. McCombs  
Vice President, Operations

18. This Assignment Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.
19. This Assignment Agreement may be executed in two counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD COMPANY

THE CHICAGO SHORT LINE RAILROAD

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# CERTIFICATE OF DELIVERY

EXHIBIT A

RUN DATE : 5/03/90  
 RUN TIME : 3:02:37  
 REPORT NO.: FMR217

RAIL SHOP STATUS  
 Old/New Remark List  
 Sorted Alpha by New Car

PAGE: 172  
 HALL

Project:

Planned:

Scheduled:

Assigned:

Completed:

NEW Car Number	OLD Car Number	Shop	Shop Name	Shop Arrival Date	Date Remarkd
000000					

\*\*\*\*\* END OF REPORT \*\*\*\*\*

The last day of the [Initial] Term for the above referenced Cars shall be \_\_\_\_\_, 19\_\_.

EXHIBIT BRunning Repairs: Gondolas

Angle Cocks	Wheels Assemblies
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Gears
Brake Shoe Keys	Coupler Carriers
Brake Connecting Pin	Center Plate Repair (Not Replacement of Center Plate)
Brake Head Wear Plates	Cotter Keys
Air Brakes	Roller Bearing Adapters
Hand Brakes	
Brake Beams and Levers	
Truck Springs	